

*"Cities must act early to create and preserve affordable housing before the market heats up, or rising prices could force low-income households who already live near transit to move out."*

*-Shelley Poticha*

For more information contact:

Tim Halbur 510-268-8602

Mariia Zimmerman 703-582-7355

Gloria Ohland 323-222-5508

## New Study Details How Developing Housing Near Transit is an Important Affordability Strategy

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WASHINGTON – A new national study shows that location matters a great deal when it comes to reducing household costs. While families who live in auto-dependent neighborhoods spend an average of 25 percent of their household budget on transportation, families who live in transit-rich neighborhoods spend just 9 percent, the study says. The report concludes that building mixed-income housing near transit can be an important affordability strategy.

Entitled "Realizing the Potential: Expanding Housing Opportunities Near Transit," the study was funded by the Federal Transit Administration and the U.S. Department of Housing and Urban Development and completed by Reconnecting America's Center for Transit-Oriented Development. The report examines five case study regions – Boston, Charlotte, Denver, Minneapolis, and Portland -- to better understand the proactive strategies being undertaken to create and preserve affordable housing near transit.

"Rising housing and transportation costs are straining household budgets across the country," says Reconnecting America CEO Shelley Poticha. "The significant savings that can result from living near stations and using public transit regularly can be critical for low-income households that need to make every dollar count."

Poticha says that families have traditionally been able to find lower cost housing in suburban neighborhoods but that recent increases in the cost of transportation have nearly wiped that savings out. A study released last year by the Center for Housing Policy found that for every dollar saved on housing in a less expensive suburban location, households have had to spend an additional 77 cents on transportation to get them there.

Poticha says that the savings that comes from living near transit is especially important for lower-income households since household expenditures vary greatly according to income: The study shows, she said, that while transportation costs consume an average of 9 percent of the household budget for high-income families, for very-low-income families transportation costs can consume 55 percent of the budget or more.

She notes, however, that the real estate market, too, has recognized the value of locations near transit, and that demographic changes in the U.S.

population (older, smaller households) and the problem of traffic congestion have combined to support a building boom in urban and suburban downtowns.

“For this reason cities must act early to create and preserve affordable housing -- before the market heats up,” Poticha says, “or rising prices could force low-income households who already live near transit to move out.”

FTA Administrator James S. Simpson and HUD’s Assistant Secretary for Policy Darlene F. Williams say that the report “suggests that to better respond to this challenge, we need to coordinate housing plans with local transportation plans, so that affordable housing is served by high quality public transportation.”

Poticha says that the strategies proving most successful in the five case study regions can be grouped into five broad categories of action, including:

- \* Identify and utilize TOD opportunities in the region and along transit corridors;
- \* Provide incentives that help catalyze the market for mixed-income TOD;
- \* Remove regulatory barriers to higher-density mixed-income development.
- \* Coordinate housing and transportation plans and investments;
- \* Improve local capacity, partnerships and data collection.

The full report is available at [www.reconnectingamerica.org](http://www.reconnectingamerica.org), as well as an executive summary.

*For more information contact Reconnecting America at:*

*Tim Halbur 510-268-8602 x203*

*Gloria Ohland 323-222-5508*